

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
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U. S. Department of Agriculture

July 22, 1935.

TO COTTON CONTROL ASSOCIATION COMMITTEEMEN:

As a committeeman, you are undoubtedly called upon frequently for facts relative to the Adjustment Programs. In the recent months there has been much said about the cost of food at present compared to the cost in recent years, and some individuals attempt to hold the Adjustment Programs responsible for this change. As a cotton producer and committeeman, you will doubtless be interested in the following facts:

Food costs, according to a recent study, are 14 percent below the general level of living costs.

Food costs in May 1935 were 24 percent above their 1913 level, but the costs of all other items in the family budget were 54 percent above their 1913 level.

Throughout the past 15 years the American public has been supplied with agricultural products by the American farmer at a level of prices far below the relative levels of most other commodities.

During the depression, agriculture took price cuts of 64 percent while industry took price cuts of only 21 percent.

Since distribution costs tend to remain constant, a small rise in price to the consumer often means a large percentage increase in the farmer's returns.

Recent changes in food prices reflect action of two forces--the recovery programs (including the A. A. A. program) and the drought of 1934.

It is estimated that about four-fifths of the reduction in wheat and corn production was due to the drought and about one-fifth to Adjustment Programs. Reductions in supplies of other agricultural commodities, for which no control programs existed, were due largely to the drought.

Income of farmers, boosted by the A. A. A. and other recovery programs, has increased farm purchasing power and thereby helped the city worker to earn the dollars he pays out for food. Farmers' returns from foodstuffs increase or decrease as factory pay rolls increase or decrease.

The purchasing power of a unit of farm products is only 84 percent of its pre-war purchasing power. Improvement in consumer purchasing power (including city population) is a necessary next step to improved prices for the farmer.

As drought shortages are replaced and, consequently, more farm products are sent to market, it will be extremely difficult to maintain present price levels for farm products unless industry is able to re-absorb its unemployed and thereby greatly increase city buying power.

To the large group of unemployed, a job, rather than cost of living, is the most important concern.

During the past 5 years, farm population increased by $2\frac{1}{4}$ million, partly because people have been driven from the cities by the depression. This has added to the burden of rural communities at a time when farm income was low.

The "ever-normal granary" plan, advocated for years by Secretary Wallace, and included in the amendments to the Agricultural Adjustment Act now before Congress, would insure the consumer against scarcity and keep carry-overs from burdening the farmer, by enabling the Government to return to producers burdensome surpluses that might temporarily accumulate.

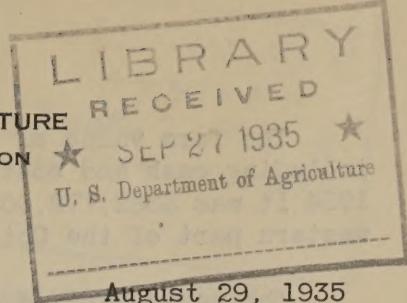
Now a word about cotton. Cotton producers should comply strictly with the provisions of the contract in order that they may continue to receive the benefits of the adjustment program.

All rented acres under the cotton program will be measured in 1935. Cotton acreage planted by noncontract signers will also be measured before Bankhead certificates are issued to such producers.

C. A. Cobb

C. A. COBB,
Director, Division of Cotton.

UNITED STATES DEPARTMENT OF AGRICULTURE
 AGRICULTURAL ADJUSTMENT ADMINISTRATION
 WASHINGTON, D. C.



August 29, 1935

TO COTTON CONTROL ASSOCIATION COMMITTEEMEN:

This letter contains a report of the results accomplished since the beginning of the cotton adjustment program in 1933 with which you have so willingly assisted and cooperated. In reviewing this report we should like you to keep in mind the purpose and policy of the Agricultural Adjustment Act. The purpose is to increase agricultural purchasing power. The policy is to establish and to maintain such a balance between the production and the consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power, with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. Keep this policy in mind while reviewing the progress which has been made and as set forth herein.

Cotton Production Adjustment Program Progress Report as of August 14, 1935

In 1933 there were about 2,000,000 cotton farms, including tracts of land worked by share tenants and croppers who were in that year eligible to enter into contracts. About 50 percent of such farms were covered and 1,032,000 contracts were in force. In 1934 tracts of land worked by share tenants and croppers could not be covered by separate contracts, but had to be included in the contract of the owner or operator, which reduced the number of cotton farms for that year to 1,500,000. About 67 percent of these farms were covered and 1,004,000 contracts were in force. In 1935 it is estimated that 1,300,000 contracts will be in force covering about 87 percent of the 1,500,000 farms.

In 1933 cotton producers plowed up 10,497,000 acres of growing cotton or about 26 percent of the acreage in cultivation on July 1. In 1934 they rented 14,547,000 acres or 38.2 percent of their base cotton acreage, with 45 percent as the maximum an individual with a base of over 5 acres could rent and 40 percent as the maximum for a county. In 1935 it is estimated that approximately 14,000,000 acres will be rented, amounting to about 33 percent of the base, with 35 percent as the maximum an individual with a base of over 5 acres can rent.

In 1933 cotton producers received \$175,500,000 in cash and cotton option benefit payments; in 1934 they received approximately \$115,000,000 in rental and parity payments; and in 1935 they will receive approximately \$125,000,000.

The average value of a bale of lint cotton and the cotton seed in 1932 was \$37.42; in 1933 it was \$55.35; and in 1934 it was \$80.02.

The farm value of the cotton crop in 1932 was \$483,913,000; in 1933, including cash and cotton option benefit payments, it was \$893,632,000; and in 1934 it was \$882,772,000, with one of the worst droughts in history in the western part of the Cotton Belt.

The world carry-over of American cotton on August 1, 1932 was 12,960,000 bales; on August 1, 1933 it was 11,588,000 bales; and on August 1, 1934 it was 10,634,000 bales. For August 1, 1935 it is estimated that such carry-over will be approximately 9,000,000 bales.

The world supply of American cotton for the 1932-33 season was 25,961,000 bales; for the 1933-34 season it was 24,635,000 bales, after 4,500,000 bales had been taken out of production under the plow-up program; and for the 1934-35 season it was 20,270,000 bales. It is estimated that for the 1935-36 season such supply will be 20,700,000 bales.

The world supply of all growths of cotton has been reduced from a potential supply of 47,000,000 bales before the plow-up program in 1933 to 39,282,000 bales for the 1934-35 season, amounting to a decrease of 7,718,000 bales.

Rental and parity payments cannot be made until all documents have been properly filled out, signed, and transmitted to Washington. One of the outstanding accomplishments of the program has been the improved efficiency with which you and other committeemen have assisted other producers in correctly filling out their contracts. In the 1934-35 program about 25 percent of the total contracts received had to be suspended until corrections could be made or additional information secured. In 1935 it has been necessary to suspend only about 5 percent of the contracts until corrections could be made. You are largely responsible for this improvement.

The contract to be offered in 1936 is being prepared and should be available to committeemen by November, 1935. The 1936 program will get under way much earlier than any of the other cotton programs.

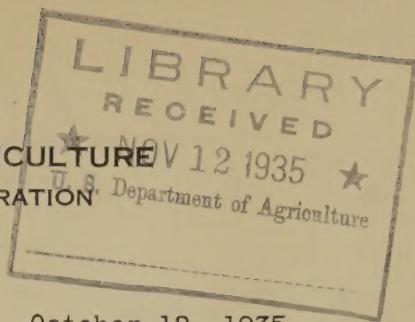
C. A. Cobb

C. A. Cobb,

Director, Division of Cotton.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.



October 12, 1935.

TO COTTON CONTROL ASSOCIATION COMMITTEEMEN:

The County Control Associations were organized for the purpose of carrying out the local administration of the various agricultural adjustment programs and, as their Articles of Association state, "for no other purpose." Therefore, as an elected representative of your association and as a responsible official of the entire agricultural adjustment program, it is important that you keep in mind certain principles in connection with participation in movements outside of the adjustment programs themselves.

Committeemen who carry on the work of the associations are official representatives of the farmers who are cooperating in the adjustment program. As such, any activities in which they may engage as individuals must be clearly differentiated from their actions as committeemen.

Control Associations, or individual committeemen in their official capacity, should not solicit or handle funds or subscriptions for any political or economic cause, no matter how meritorious it may be. Using the prestige, offices, or any of the facilities of the association for any other purpose than the promotion of control programs themselves would not only be a violation of the rules and regulations but also of the fundamental spirit and purpose of the association itself.

What I have been saying has been laid down as a fundamental and guiding principle from the very inception of our program. We are all anxious to carry out the adjustment programs wisely and efficiently. To accomplish this, we all find it absolutely imperative to avoid confusing official functions with outside activities.

The Instructions for 1935, Form No. Cotton 105 of which you have a copy, contain the eligibility provisions for serving on committees as well as duties and responsibilities of committeemen. I suggest that you look over these instructions to again familiarize yourself with your duties and responsibilities as a committeeman.

C. A. Cobb
C. A. Cobb,
Director, Division of Cotton.

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November 20, 1935.

TO COTTON CONTROL ASSOCIATION COMMITTEEMEN:

Why a Cotton Program in 1936?

We have had a cotton adjustment program for 3 years, the chief objective of which has been to achieve and maintain such balance between supply and demand as will stabilize and hold prices at a fair level. If we are to hold and consolidate the gains already made as a result of the 3 years of adjustment, it is evident that it will be necessary to adjust the production of cotton in 1936. This is necessary for two reasons. There is still a burdensome supply of cotton and there is always present the threat of overproduction.

The carry-over has been reduced from 13 million bales to 9 million bales. However, this is 4 to 5 million bales above a normal carry-over of American cotton. Stocks of cotton are still far too large.

The present price of cotton offers a strong incentive to increase acreage and production. Eleven cents is not a high price for cotton. It is not even a fair exchange price. However, it is much higher than the 5 or 6 cents received for cotton in 1931 and 1932, and many producers would like to increase their acreage and production in 1936 and will do so if there is no adjustment program.

The population on cotton farms has increased 953,000 since 1929. Surplus farm labor constitutes a powerful incentive to increase acreage and production beyond our needs, to clear new lands, break sod, and put back into production farms which were out of cultivation during the depression.

With better prices and improved agricultural conditions, more credit is available at rural banks.

Opportunities to produce and market other commodities are limited in the Cotton Belt, which further increases the incentive to grow more cotton.

The all-important reason why we should have an adjustment program in 1936 is the plain fact that without a program producers would plant 45 to 50 million acres annually to cotton until the price would again average not over 6 to 8 cents and all would be "broke" again. We would sacrifice all the gains made during the last 3 years.

An adjustment program is imperative in 1936 if we are to prevent a return to conditions of depression years.

C. A. Cobb

C. A. Cobb,
Director, Division of Cotton.

